Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

SECRET

PAGE 01 NEW DE 14903 190257Z

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ACTION SS-30

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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 8585

S E C R E T NEW DELHI 14903

EXDIS

DEPARTMENT PLEASE PASS: UNDER SECRETARY DONALDSON

E.O: 11652: GDS
TAGS: ENGR, IN
SUBJECT: INDIA AND OIL
REFS: A. DELHI'S 14027 B. DELHI'S 14766 C. STATE'S 240812

1. AS I HAVE REPORTED EARLIER, SWARAN SINGH HAS TWICE DISCUSSED WITH ME THE SUBJECT OF INDO-US COOPERATION IN THE PETROLEUM FIELD. WHILE CHARACTERISTICALLY VAGUE, HE APPEARS TO HAVE TWO REQUESTS IN MIND--AN ASSESSMENT OF THE LIKELY OIL SUPPLY AND PRICING SITUATION8IN THE COMING MONTHS, AND SOME SORT OF US INVOLVEMENT TO INDIAN EFFORTS TO LOCATE OFFSHORE OIL.

2. I HAVE TOLD SWARAN SINGH THAT THE SECRETARY STATED "I'M FOR THAT," AND THAT I HAD TAKEN THE MATTER UP WITH UNDER SECRETARY DONALDSON. NOW I NEED SOME HELP FROM THE DEPARTMENT SO THAT I CAN GET BACK TO THE FOREIGN MINISTER. I HOPE I MAY HAVE IT PROMPTLY.

3. THE FIRST OF THESE REQUESTS IS, I HOPE, RELATIVELY EASY TO SATISFY. I ASSUME THAT PAPERS HAVE BEEN PREPARED FOR THE OECD OR INTERNAL PURPOSES SETTING OUT THE LIKELY R ALTERNATIVE SUPPLY AND PRICING DEVELOPMENTS AND THEIR EFFECTS ON THE ECONOMIES OF MAJOR DEVELOPED COUNTRIES. COULD A SANITIZED VERSION BE MADE AVAILABLE TO ME TO PASS ON TO SWARAN SINGH? IF I COULD ALSO BE PROVIDED WITH ANY INFORMATION WE HAVE ON ARAB SUPPLY POLICIES TOWARDS"FRIENDLY" NATIONS SUCH AS INDIA
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PAGE 02 NEW DE 14903 190257Z

(ON A BACKGROUND BASIS), THIS WOULD ALSO BE EXTREMELY HELPFUL.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

4. I REALIZE THAT THE INDIANS SHOULD BE ABLE TO DEVELOP THIS INFORMATION THEMSELVES, BUT SINCE THIS IS ONE OF THE RARE REQUESTS MADE OF US IN THIS PERIOD OF OPENING OF DIALOGUE, I WOULD LIKE TO BE ABLE TO RESPOND POSITIVELY.

5. THE SECOND ISSUE IS MORE DIFFICULT TO DEAL WITH. THE INDIANS IN THEIR OWN WAY HAVE MANAGED TO BOTCH UP THEIR OFFSHORE EXPLORATION SITUATION. THEY INITIALLY RELIED ON SOVIET ASSISTANCE UNTIL THEY CONCLUDE THE SOVIETS WERE INADEQUATE TO THE JOB. THEY THEN TURNED TO INTERNATIONAL COMPETITIVE BIDDING FOR A BASIC SEISMIC SURVEY AND ACCEPTED A FRENCH BID. THE FRENCH PRODUCED SUCH A SHODDY JOB THAT THE SURVEY HAS BECOME VIRTUALLY USELESS.

6. FIANALLY, THE INDIANS ASKED FORPROPOSALS ON A CONTRACT BASIS FOR OFFSHORE EXPLORATION. THEY INDIAN REPUTATION WITH FOREIGN COMPANIES HAS BEEN SO INDIFFERENT THAT THE MAJOR US OIL COMPANIES HAVE NOT BEEN NOTABLY INTERESTED. THE INDIANS HAVE, NEVERTHELESS, HAD OFFERS, INCLUDING FROM A NUMBER OF OTHER US FIRMS, BUT HAVE ACTED ON NONE.

7. I AM PLAYING WITH THE IDEA OF GOING BACK TO SWARAN SINGH AND REVIEWING THE HISTORY OF THE OFFSHORE SITUATION. I WOULD MAKE IT CLEAR THAT IF THE INDIANS REALLY WANT US INVOLVEMENT, IT IS GOING TO BE PRIVATE FIRMS AND THE INDIANS MUST STATE ON WHAT TERMS THEY WANT SUCH COOPERATION. BEFORE I DO THIS I SHOULD LIKE TO KNOW FROM THE MAJOR US FIRMS THE BASIS ON WHICH

THEY WOULD BE PREPARED TO GET INTO SERIOUS NEGOTIATIONS WITH THE INDIANS ON OIL EXPLORATION. I HOPE THAT THE DEPARTMENT CAN GET THIS INFORMATION FOR ME DIRECTLY; I WOULD BE WILLING TO COME BACK AND GET IT MYSELF IF THE PROSPECTS FOR COOPERATION SEEMED GOOD ON BOTH SIDES.

8. THE ONLY AREA WHEN I COULD SEE THE US GOVERNMENT PLAYING A ROLE WOULD POSSIBLY BE IN THE PREPARATION OF A NEW SEISMIC SURVEY--PERHAPS WITH AID FINANCING, IF WE GET INTO AN AID PROGRAM HERE. COULD SOMEONE TELL ME WHETER US FIRMS WOULD BE AVAILABLE TO CONDUCT SUCH A SURVEY ON RELATIVELY SHORT NOTICE?

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EO Systematic Review
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